

## Briefing Note: Points-Based Immigration

The government has launched a new points-based immigration system to be put into place in January 2021 when the UK leaves the EU, and free movement comes to an end. A new Immigration Bill will be introduced in 2020 to bring the plans into law.

Last month we summarised the Migration Advisory Committee’s (MAC) overview of a points-based immigration system ([link here](#)) and highlighted some of the key comments for construction. No doubt many will be grateful for some clarity on plans which are set to come into force in a little over nine months.

### What is the new system?

Potential migrants need 70 points in order to qualify for a visa, with three mandatory components (table 1).

An “appropriate skill level” is clarified as RQF3 (A-level equivalent), which some have argued would exclude trades such as carpenters and bricklayers. The MAC has been commissioned to produce a Shortage Occupation List and to keep it under regular review.

### Complicating factors

**UK unemployment levels** have been very low for a long time. Against a long run average of 6.25%, the current unemployment rate is at a 46-year low of just 3.75%. If the UK is to increase construction output in line with the government’s aspirations for an “infrastructure revolution” and to build a million new homes over the next five years, the workforce will need to grow, unless there is significant investment in new ways of building and standardisation.

Training **‘economically inactive’ people** to fill any possible gaps has been suggested as a new source of labour. There are currently 8.5 million economically inactive people in the UK. This is a measure of everyone of working age, who is without a job and has not been seeking one in the last four weeks. This catches everyone of working age (between the ages of 16 - 54) and therefore includes students, those on long-term sick leave, and early retirees. Those three categories account for 66% of the economically inactive group, which may provide a reason why only 1.9 million would like to be in a job.

**‘Homegrown talent’** Whilst there has been a concerted effort by both business and industry bodies alike to try and encourage more people to take up a career in construction, these programmes will not provide an immediate remedy.

**A question of age** ONS data shows that 20% of construction workers were over 55 in 2014, and that younger age groups were dramatically bolstered by EU nationals (Figure 1, showing the split in London where non-UK labour accounts for 44% of the workforce).

**Self employment** The same piece of research by the ONS showed that 41% of people working in construction were self-employed between 2014 and 2016 with EU nationals more likely to be self-employed. The new visa rules would require an offer of a job by a sponsor, therefore ruling out self-employment (as noted in the earlier MAC analysis).

### What could the impacts be?

Assuming that the policy doesn’t evolve (especially the shortage occupations list to reflect recent lobbying), in order to work towards an infrastructure revolution and meet the government’s ambition to build a million new homes over the next five years with access to fewer people, the industry will have to adapt very quickly. We can see three possible versions:

- Work will be modernised, and innovative solutions found. Which may change attitudes to margin in construction, and/or
- People with higher than necessary skills will be employed in order to meet the skills requirement, and/or
- Wages will have to increase to meet the threshold and enable the 70 points necessary to be attained.

**“We’re ending free movement, taking back control of our borders and delivering on the people’s priorities by introducing a new UK points-based immigration system which will bring overall migration numbers down.”**

Priti Patel, UK Home Secretary

**Table 1: Outline of the points system**

Characteristics	Essential	Points
Offer of a job by an approved sponsor	Yes	20
Job at an appropriate skill level	Yes	20
Speaks English at the required level	Yes	10
Salary of £20,480 to £23,039	No	0
Salary of £23,040 to £25,599	No	10
Salary of £25,600 or above	No	20
Job in a shortage occupation (as designated by the MAC)	No	20
Education qualification: PhD in subject relevant to the job	No	10
Education qualification: PhD in a STEM subject relevant to the job	No	20

**Figure 1: Age profile of non-UK born and UK-born construction workers in London**

